

'Credit Problems? No Problem!'

If you're looking for a way out of your credit problems, don't believe promises like these!

There's a brisk business among so-called "credit repair" companies that charge from \$50 to more than \$1,000 to "fix" your credit report. In many cases, these outfits take your money and do little or nothing to improve your credit report. Often, they just vanish.

There are no quick or easy cures for a poor credit history. If a credit repair company promises you it can clean up your credit report, remember the following:

Your credit history is maintained by private companies called credit bureaus that collect information reported to them by banks, mortgage companies, department stores and other creditors;

These credit bureaus can legally report accurate negative credit information for seven years and bankruptcy information for ten years;

Accurate items that are within the seven (or ten) year reporting period cannot be erased from your credit record by companies advertising "credit repair" services;

If you have a poor credit history, even if your past problems were due to illness or unemployment, time is the only thing that will heal your credit report;

The only entries in your credit report that can be changed are items that are actually wrong or beyond the seven (or ten) year reporting period;

'Erase Bad Credit!' '100% Guaranteed!'

If there are genuine mistakes or outdated items in your report, you can fix them yourself.

In Fact, You Can Do Anything a Credit Repair Company Can Do - For Free or for Only a Few Dollars.

What's in your Credit Report?

If you're having trouble getting credit, try checking your credit report yourself. The credit report tells how you've managed your credit in the past. Companies examine your credit report before deciding whether to give you credit. When a company denies your request for credit because of your credit report, it must tell you so and identify the bureau that supplied the report.

Credit bureaus are required by law to share with you any information they have on file about you. You can find out what's in your credit report by taking the follow steps:

1. Contact local credit bureaus. You can find them listed in the telephone Yellow Pages under "Credit Bureaus" or "Credit Reporting Agencies." Your local bank or retailer may also be able to identify them.
2. Ask for a copy of your credit report. There may be a fee of \$5 to \$20, but if you've been denied credit within the past 30 days, your credit report is free.
3. Most credit bureaus will mail you a copy of your report. Under the law, you also have the right to visit their offices to review your credit report in person.

'Remove Bankruptcy & Liens From Your Credit File!'

How to Correct Mistakes in Your Report

Review your credit report for any mistakes or information more than seven years old (ten years for bankruptcy). If you don't understand something, ask. The credit bureau is required by law to explain your report to you. If there are mistakes, you can take the following actions:

1. Notify the credit bureau of the problem and provide as much information as you can about what is wrong with the report. The bureau must - at no charge to you - re-investigate the disputed information. It then must correct any mistake or delete any information it cannot verify. At your request, the bureau must send a corrected copy of your report to anyone who received the incorrect version within the past six months.
2. Sometimes, it is also helpful to contact the creditor directly to ensure that the creditor's records are correct.
3. If these steps don't resolve things, you can file a written statement of up to 100 words with the credit bureau explaining your side of the story. This explanation will be included in your credit report.

Credit-Related Scams

Consumers searching for an easy way out of their credit problems are susceptible to a wide range of credit-related scams in addition to credit repair fraud

Checking Account Scams

One of the latest scams making the rounds typically begins with a postcard advertising easy credit approval or low credit card interest rates. When consumers call, they are asked for their checking account number, supposedly as part of a "certification process." This number can be magnetically encoded on a draft, which is forwarded to the consumer's bank. Sometimes banks pay out hundreds of dollars from the consumer's account, not realizing that the consumer never approved the withdrawal. For your protection, never give out your checking account number or credit card number unless you are certain that you are dealing with a reputable company.

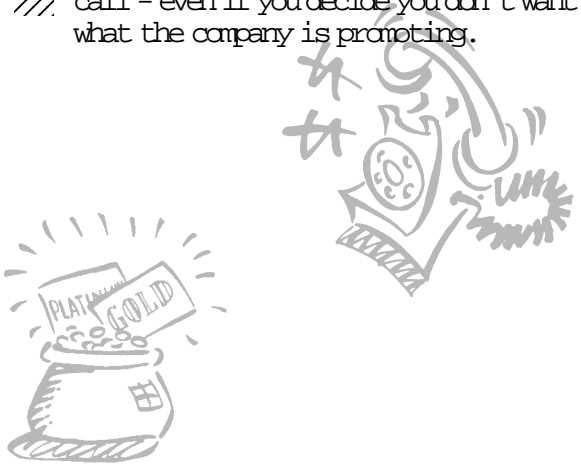
Spotting Credit Repair Scams

If you are tempted to contact a credit repair company for help, use considerable caution. The Federal Trade Commission (FTC) and a number of state Attorneys General have sued credit repair companies for falsely promising to remove bad information from credit reports. Consider the following:

1. Contact your state Attorney General to see if a legal action has been filed against the company. Contact your local Better Business Bureau and your state or local consumer affairs agency to check out the credit repair company. See if any complaints have been lodged against the company.
2. Be alert if you are told that accurate information will be changed or erased or that only the credit repair company can remove old or inaccurate information. Such claims are false.
3. Be especially wary if you are asked for a large sum of money in advance, before the credit repair company completes the job it promises to do. Even a money-back guarantee won't protect you if the company is dishonest.

Credit by Phone

Pay-per-call or "900 number" services have become a popular vehicle for phony credit schemes. Television or print ads promise that "guaranteed" credit or cash loans are only a phone call away. Instead, the caller might receive a list of banks offering low-interest credit cards or a booklet on how to establish credit. Such calls can end up costing \$50 or more, but consumers rarely end up getting credit as a result. Be aware that if you call "900" or "976" exchanges for information, you will be charged for the call - even if you decide you don't want what the company is promoting.



More Credit-Related Scams

"Gold" or "Platinum" Cards

Beware of promotions for "gold" or "platinum" cards that promise to get you credit and build your credit rating even if your credit history is poor. Although they may sound like general purpose credit cards, some of these "gold" or "platinum" cards only permit you to buy merchandise from special catalogs and will not help you obtain credit from other sources. You may also find that ads for these cards direct you to call "900" or "976" exchanges for more information. Remember that charges for these calls add up fast!

If you are Victimized

Many states have passed laws regulating credit repair companies. This may help if you have lost money to credit repair scams.

Even if your state has no such law, you still may have legal rights against the company. Plus, by reporting the incident, you can help ensure that others aren't victimized.

If you've had a problem with a credit repair company, don't be embarrassed to report it or assume it's not worth your time. Contact your state Attorney General's office and local consumer protection agency. You also may write to the Federal Trade Commission. While the FTC does not handle individual cases, it can act when it sees a pattern of possible law violations develop.

CONTACT:
Office of Attorney General
Bureau of Consumer Protection
14th Floor, Strawberry Square
Harrisburg, PA 17120

Toll-free
Consumer Hotline:
1-800-441-2555

TDD# 1-800-382-4814
The Pennsylvania Attorney General's
Internet address is:
<http://www.attorneygeneral.gov>

Tips
for
consumers
on
how
to
spot

Credit Repair Scams



Mike Fisher
Attorney General

Office of Attorney General
Commonwealth of Pennsylvania